

# **Green Human Resources Management: A Study of Pakistan's Hotel Industry**

*Muhammad Kamran Khan\**, *Nusrat Idrees\*\** & *Seema Manzoor\*\*\**

## **Abstract**

The Hotel Industry is significant for the growth of tourism sector that has become an important national income source for a country, particularly in emerging and developing economies worldwide. This research aims to evaluate Green Human Resource Management (GHRM) practices adopted by Human Resource managers in three, four, and five-star hotels in Pakistan. It includes recruitment, selection, green training role, paying attention to employees' needs, green rewards, green pay, green involvement and the performance of the management in creating a comfortable and healthy working environment. The study has applied the Social Exchange theory which provides a solid basis for GHRM activities, as the theory implies a two-sided, mutually contingent, and mutually rewarding process involving transactions or simply exchange. This empirical research is first to analyze the impacts of GHRM practices on millennials employed in Hotel Industry of Pakistan that aims to investigate the correlation between and young employee's turnover intention in tourism staff. It correlates with tourism sector because employees' turnover rate is higher in this organization. In order to bridge this void and provide a way forward, particularly in the hotel industry. The results show that there is no moderating influence of the Work Environment (WE) on the correlation between GHRM practices and the turnover intention (TI) of millennials employed in Pakistani hotels.

**Keywords:** Green Human Resource Management, Hotel Sector, Millennials, Turnover Intention, Work Environment

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## **Introduction**

The Hotel Industry is significant for the growth of tourism sector that has become an important national income source for a country, particularly in

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\* Dr. Muhammad Kamran Khan, Assistant Professor, Department of Political Science, University of Karachi.

\*\* Prof. Dr. Nusrat Idrees, Dean, Faculty of Arts and Social Sciences, University of Karachi.

\*\*\* Dr. Seema Manzoor, Assistant Professor, Centre of Excellence for Women's Studies, University of Karachi.

emerging and developing economies worldwide.<sup>1</sup> The turnover of employees remains one of Pakistan's most daunting problems.<sup>2</sup> In 2015 Aon Hewitt an insurance company of Pakistan supervised a survey between tourism organizations and recorded a 19 percent turnover rate among employees, twice that of the total workforce in the Pakistan hotel industry.<sup>3</sup> In this regard The Pakistani Reserve (2017) also stated that the organization's workforce has a high turnover rate largely due to the young employees' intention to leave their jobs for better opportunities. This is an important issue for the tourism sector's growth and prosperity<sup>4</sup> due to the organization's dependence on financial and other resources for staff recruitment and development, employees turnover lowers profitability and overall performance<sup>5</sup> in rendering best services to tourist that can retain their future visits to Pakistan.

This research focuses on the Green Human Resource Management GHRM practices adopted by HR managers in 3, 4 and 5-star hotels of Pakistan to tackle the tourism industry's workforce high turnover rate.<sup>6</sup>

This empirical study analyzes the impacts of GHRM practices on millennials employed in Hotel Industry of Pakistan that aims to investigate the correlation between young employee's turnover intention in tourism staff. It correlates with tourism sector because employees' turnover rate is higher in this organization. In order to bridge this void and provide a way forward, particularly in the hotel industry, this research has applied the

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<sup>1</sup> World Bank, *Transformation through tourism' Development Dynamics Past, Present and Future*, The World Bank Washington, DC, 2012.

<sup>2</sup> N Keneth, Pakistan's hospitality industry—What are the talent challenge (2016). Available at <https://apac.aonhewitt.com/home/insights-at-work/talent-challenges-Pakistan-hospitality-industry>

<sup>3</sup> Ibid.

<sup>4</sup> Che Ha & H.F. Ariffin, 'Examining Pakistani Hotel Employees Organizational Commitment: The Effect of Age, Education Level and Salary', *International Journal of Business and Technopreneurship*, 4:3 (2014), 413-438.

<sup>5</sup> H.S. Kim & S.S. Jang, 'The effect of increasing employee compensation on firm performance: Evidence from the restaurant industry', *International Journal of Hospitality Management*, 1:9 (2020), 88.

<sup>6</sup> M. Nejati, Y.M. Yusoff, D.M.H. Kee & A. Amran, 'Linking Green Human Resource Management Practices to Environmental Performance in Hotel Industry', *Global Business Review*, 21:3 (2018), 1-18; T. Redman, D.W. Renwick & S. Maguire, 'Green Human Resource Management: A Review and Research Agenda', *International Journal of Management Reviews*, 15:1 (2013), 1-14.

Social exchange theory which provides a solid basis for GHRM activities. It implies a two-sided, mutually contingent, and mutually rewarding process involving transactions or simply exchange.

The GHRM practices includes recruitment, selection, green training role, paying attention to employees' needs, green reward, and performance of the management in creating a comfortable work environment, and green involvement in order to avoid millennial employees' TI. It is therefore important to analyze whether GHRM practices have any positive influence to obliterate the turnover intentions of young workers by creating a healthy working environment.

## Literature Review

The social exchange theory outlines the terms under which people get benefits from other people or organizations attempt to pay back those benefits<sup>7</sup> to demonstrate the relationship between GHRM practices and millennial employees' intentions to leave their jobs.<sup>8</sup> It is widely utilized as a theoretical foundation for studying employee retention and turnover to comprehend the relationship between employers and employees.<sup>9</sup> The theory implies a two-sided mutually rewarding process. It also describes how people flourish when an organization values and supports them.<sup>10</sup> The fundamental tenet of the social exchange theory also states that people form social bonds based on alliances that benefit both parties. This study suggests that GHRM practices have a positive impact to reduce millennial employees' intentions to leave the hotel industry employment.

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<sup>7</sup> S.J Lambert, 'Added Benefits: The link between Work-life Benefits and Organizational Citizenship Behavior' *Academy of Management Journal*, 43:5 (2000), 801-815.

<sup>8</sup> J.W. Thebaut, *The social psychology of groups* (New York: Wiley, 1959). Trading Economic. Tourism Pakistan revenues (2019).. Retrieved from <https://tradingeconomics.com/Pakistan/tourism-revenues>

<sup>9</sup> N. Conway & J.A. Coyle-Shapiro, 'Exchange Relationships: Examining Psychological Contracts and Perceived Organizational Support', *Journal of Applied Psychology*, 90:4 (2005), 1-28.

<sup>10</sup> S. Armeli, R. Eisenberger, B. Rexwinkel, P.D. Lynch & L. Rhoades 'Reciprocation of Perceived Organizational Support', *Journal of Applied Psychology*, 86:1 (2001), 42-51; B. Palwasha, A. Ahmad & A.H. Majid, 'The Moderating Role of Work Environment on the Relationship between Compensation, Job Security and Employees Retention', *Journal of Economic & Management Perspectives*, 10:4 (2016), 726-38.

### **Green Human Resource Management strategies and turnover aims**

The efficient GHRM strategies enhances the skills, abilities, and knowledge that strengthens the capacity of employees work and motivates them<sup>11</sup> as they increases engagement and satisfaction for reducing the turnover intention of employees in organizations, which leads to improve overall performance of the organization.<sup>12</sup> However, human resource management procedures, such as involvement in the mechanism of decision-making, designations, evaluations, compensation motivation, job security, etc., have a key role to play in reducing the likelihood that employees will leave their jobs.<sup>13</sup> In addition, Zhu and Warner found that various attitudes, beliefs, and value systems among employees of the new generation contribute to organizations, for taking specific steps to ensure they remain engaged in the organization for a longer duration. This research reflects Chen, Tang, Jiang, Paille, and Jia's (2018) steps taken toward implementation of GHRM practices and on the other hand, Kothisware (2018)<sup>14</sup> views that the vitality of rewards, teamwork, recruitment, candidate selection, etc. in order to improve overall performance of Hotel industry to render best services to tourists. This is in accordance with research by Redman et al. (2013) who called for further research on combined GHRM practices aimed at improving organizational efficiency and outcomes if implemented at individual level will obliterate the turnover intentions of millennial staff in Pakistan's hotel industry and tourism sector.

### **Work Environment as a Moderator**

According to Chao (2010),<sup>15</sup> the Work Environment (WE) is the set of perceived non-monetary factors that create a healthy workplace in which

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<sup>11</sup> S.L. Rynes & C.Q. Trank, 'Moving Upstream in the Employment Relationship: Using Recruitment and Selection to Enhance Quality Outcomes', *Advances in the Management of Organizational Quality*, 1, (1996), 79-140.

<sup>12</sup> M.C.C. Lee, M.A. Idris & M. Tuckey, 'Supervisory Coaching and Performance Feedback as Mediators of the Relationships between Leadership Styles, Work Engagement, and Turnover Intention', *Human Resource Development International*, 22:3 (2019), 257-82.

<sup>13</sup> S. Sinniah & N.M. Kamil, 'The Influence of Human Resource Practices on Turnover Intention: The Case of a Telecommunication Company in Pakistan', *Pakistani Management Review*, 52:1 (2017), 45-61.

<sup>14</sup> S. Kothisware, 'Analyzing the Benefits of Green Human Resources Management in Organization', *International Research Journal of Management Science and Technology*, 9:1 (2018), 244-25.

<sup>15</sup> K.L. Chao, 'Relationship among Organizational Commitment, Job Characteristics, Job Satisfaction, and Turnover Intention within

employees can perform their duties. (P. 200). One of the major factors influencing employees' willingness to leave or stay in an organization is the work environment.<sup>16</sup> In a healthy environment along with a clean atmosphere, work engagement plays a very important role in creating a positive influence on the employees, and effaces the turnover intentions and retains dedicated employees to work<sup>17</sup> in the firm. The purpose of the research is to analyze the correlation with the goal of minimizing millennial turnover within Pakistan's Hotel Industry. The assimilation is prominent as the previous studies suggests about the GHRM effect on the turnover intentions of young employees.<sup>18</sup> The studies have highlighted that the work environment acts as a moderator to link GHRM practices and employee performance.<sup>19</sup> It is suggested that the moderator should intervene if inconsistent performance is notice for more than a period of one week.

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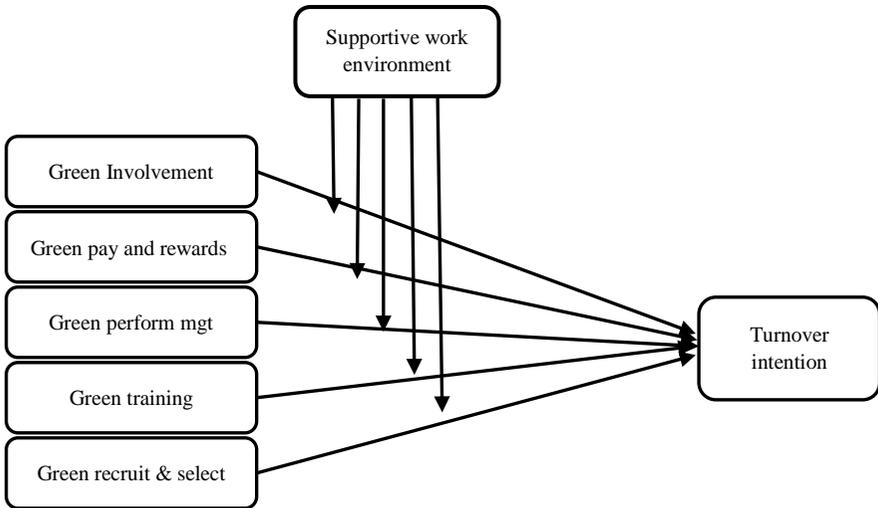
Kindergartens: An empirical Study in Pakistan', *Journal of Educational Research*, 44:1 (2010), 179-204.

<sup>16</sup> M. Iftikhar, M.I. Qureshi, S.G. Abbas, U. Hassan, K. Khan & K. Zaman, 'Relationship between Job Stress, Workload, Environment and Employees Turnover Intentions: What We Know, What Should We Know', *World Applied Sciences Journal*, 23:6 (2013), 764-770.

<sup>17</sup> H. Soomro, R. Mangi, I. Ghumro, A. Abidi & A.A. Jalbani, 'A study of Job Satisfaction among non-PhD Faculty in Universities', *Australian Journal of Business and Management*, 1:7 (2011), 83-90.

<sup>18</sup> A. Chauhan, R.A. Abubakar & K.M. Kura, 'Relationship between Human Resource Management Practices and Employee's Turnover Intention among Registered Nurses in Nigerian Public Hospitals: The Mediating Role of Organisational Trust', *Sains Humanika*, 5:2 (2015), 95-98; F. Pa'wan, N. Juhdi & R.M.K. Hansaram, 'HR Practices and Turnover Intention: The Mediating Roles of Organizational Commitment and Organizational Engagement in a Selected Region in Pakistan', *The International Journal of Human Resource Management*, 24:15 (2013), 3002-19.

<sup>19</sup> R.M. Baron & D.A. Kenny, 'The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations', *Journal of Personality and Social Psychology*, 51:6 (1986), 1173-82.

**Figure 1: Research Framework**

### Procedure of Research

All respondents in this survey are predominantly millennials employed in three, four, and five-star hotels in Pakistan. This survey firstly, collected basic details like age, gender, marital status, and academic qualification. Secondly, details from HR managers were collected. It also asked for suggestions. In total 210 survey questionnaire were distributed out of which only 171 were received from the employees in the hotel industry of Pakistan. The quality of response is tightly synchronize in these surveys.<sup>20</sup> The study secured almost 81.43% of responses.

### Scales for Measurement

A 19-point scale was used for the measurement of GHRM practices recruitment, selection, green training role, paying attention to employees' needs, green rewards, the performance of the management in creating a comfortable work environment, and green involvement.<sup>21</sup> Where firstly, four items measured green performance management. Secondly, three

<sup>20</sup> Y. Luo, J. Zhao, Y. Zhang & X. Zhang, 'How Green Human Resource Management can Promote Green Employee Behavior in China, A Technology Acceptance Model Perspective', *Sustainability*, 11:19 (2019), 1-19.

<sup>21</sup> Y. Chen, G. Tang, Y. Jiang, P. Paille & J. Jia, 'Green Human Resource Management Practices: Scale Development and Validity', *Asia Pacific Journal of Human Resources*, 56:1 (2018), 31-55.

elements measured green training. Lastly, green adoption and selection were measure through various elements. These five elements or items for creating healthy work environment were develop and design by Geare & Edgar<sup>22</sup> and Aaron<sup>23</sup> further developed Geare's three merchandising intentions. Later, these were used by Foley, Hang-Yue and Loi.<sup>24</sup> This five-point scale (Lirkert scale) ranged from 1 to 5 ('strongly disagree – strongly agree').

### **Data Deconstruction**

The study employed Partial Least Squares Structural Equation Modeling (PLS-SEM). It has recently gained increasing attention in research and practice across various disciplines such as management, marketing, information systems, psychology, political and environmental sciences. With this technique, hypothetical statements have been tested. Whereas the internal and the external structural models were measure through using the two stages of PLS, model. Based on testing reliability, the quality of the external model was evaluated. Whereas the internal model was examined through variance inflation coefficient (VIF) and the convergent validity (CV). Later on, the internal model emphasized the independent and the dependant variables relationship. Furthermore, the study employed PLS 3.0 for the analysis of data.

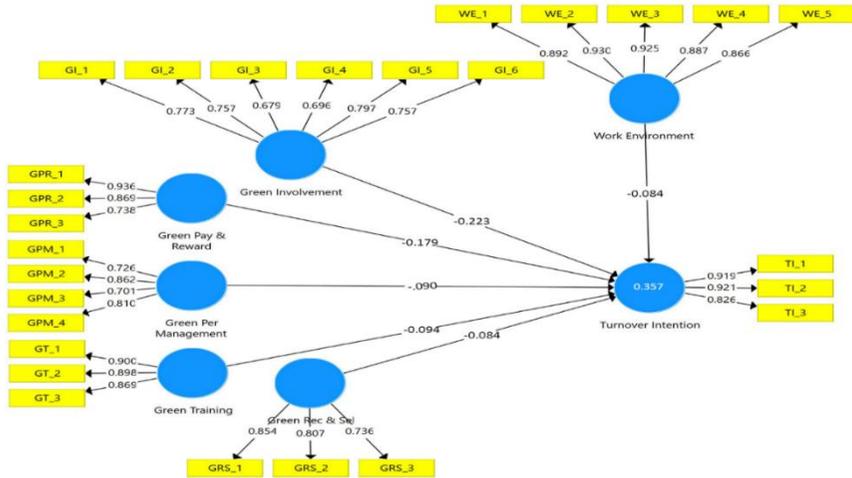
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<sup>22</sup> A. Geare & F. Edgar, 'HRM Practice and Employee Attitudes: Different Measures–Different Results', *Personnel Review*, 34:5 (2005), 534-549.

<sup>23</sup> C. Aaron, 'An Examination of the Relationship between Work Commitment and Work Outcomes among Hospital Nurses', *Scandinavian Journal of Management*, 14:1-2 (1998), 1-17.

<sup>24</sup> S. Foley, N. Hang-Yue & R. Loi, 'Work Role Stressors and Turnover Intentions: A study of Professional Clergy in Hong Kong', *The International Journal of Human Resource Management*, 16:11 (2005), 2133-46.

**Figure 2: Measurement Model Above**



Source: Joseph F. Hair, Multivariate Data Analysis, 2009.

**Table 1: Following are the Results of the Outer Model**

Concepts	Measure	Items Loadings	CR	AVE
Turnover: intentions	TI1	0.919	0.886	0.704
	TI2	0.921		
	TI3	0.826		
Green: involvement	GI1	0.773	0.924	0.815
	GI2	0.757		
	GI3	0.679		
	GI4	0.696		
	GI5	0.797		
	GI6	0.757		
Green: pay and rewards systems	GPR1	0.936	0.938	0.852
	GPR2	0.869		
	GPR3	0.738		
Green: Performance management	GPM1	0.726	0.862	0.617
	GPM2	0.862		
	GPM3	0.701		
	GPM4	0.810		
Green: training	GT1	0.900	0.928	0.907
	GT2	0.898		
	GT3	0.869		

Green: recruitment and selection	GRS1	0.854	0.891	0.735
	GRS2	0.807		
	GRS3	0.736		
Working environment	WE1	0.892	0.931	0.736
	WE2	0.930		
	WE3	0.925		
	WE4	0.887		
	WE5	0.866		

### Outer Model Assessment

The convergence confidence, the discriminant validity, and the internal consistency confidence are determine in this study as shown in table 1 and table 2. Such as Turn over intention construct is consider valid and reliable and value crossed benchmark of 0.70 for composite reliability. In, terms of other variables i.e. Green: involvement, Green: pay and rewards systems, Green Performance management, Green training, Green recruitment and selection and Working environment are crossing benchmark of 0.70 for composite reliability. In sum all latent variables are proven reliable and valid. The contrast between variables is indicating through discriminant validity. This test was gauge by using the Fornell and Larkar test.<sup>25</sup> According to this test, on a diagonal, each variable should have a greater value than the other should. As shown in Table 2, each variable correlation exceeds the square root of AVE, indicating sufficient discriminant validity.<sup>26</sup> In addition, this study used the heterotrait-monotrait correlation ratio (HTMT) for discriminant validity analysis.<sup>27</sup> The analysis results shown in Table 3 indicate that all HTMT values are below 0.85 limit as recommended by Kline (2015).<sup>28</sup>

<sup>25</sup> C. Fornell & D.F. Larcker, 'Evaluating Structural Equation Models with Unobservable Variables and Measurement Error', *Journal of Marketing Research*, 18:1 (1981), 39-50.

<sup>26</sup> J.F. Hair, C.M. Ringle, G.T.M. Hult, K.O. Thiele & M. Sarstedt, Mirror, Mirror on the Wall: A Comparative Evaluation of Composite-based Structural Equation Modeling Methods', *Journal of the Academy of Marketing Science*, 45:5 (2017), 616-32.

<sup>27</sup> J. Henselar, M. Sarstedt & C.M. Ringle, A New Criterion for Assessing Discriminant Validity in Variance-based Structural Equation Modeling', *Journal of the Academy of Marketing Science*, 43: 1 (2015), 115-35.

<sup>28</sup> R.B. Kline, *Principles and Practice of Structural Equation Modeling*, Guilford publications (2015).

**Table 2 Discriminant Validity (Fornell-Larcker Criterion)**

<b>Construct</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Green Involvement	<b>0.859</b>						
Green Performance mgt	-0.305	<b>0.813</b>					
Green Pay & reward	0.786	-0.210	<b>0.797</b>				
Green Recruit & select	-0.326	0.095	-0.220	<b>0.849</b>			
Green Training	0.234	0.014	0.325	-0.103	<b>0.897</b>		
Turnover intention	0.754	-0.305	0.769	-0.217	0.209	<b>0.869</b>	
Work environment	0.739	-0.231	0.746	-0.208	0.105	0.684	<b>0.842</b>

**Table 3 Discriminant Validity (HTMT)**

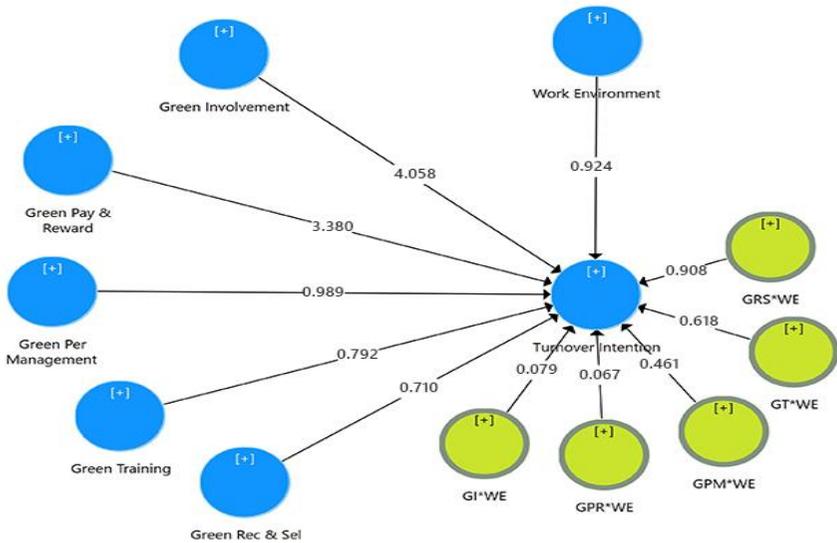
<b>Construct</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Green Involvement							
Green Performance mgt	0.319						
Green Pay & reward	0.769	0.217					
Green Recruit & select	0.341	0.235	0.275				
Green Training	0.207	0.147	0.310	0.127			
Turnover intention	0.760	0.208	0.763	0.204	0.218		
Work environment	0.794	0.138	0.672	0.196	0.230	0.638	

### Assessment of Inner Model

The assessment of the model was examine in the secondary stage and the findings as shown in Figure 3 and Table 4. The inner model was gauge and based on significant validity and reliability tests using the outer model. The results (Structural pathway coefficient) have validated that out of six only two hypotheses are accepted and it is observable in table 4. The correlation among ‘green involvement’ and the ‘ideal (millennial) employees’ is negative and significant having values ‘( $\beta = -0.235$  and  $t\text{-value} = 4.058$ )’. Whereas, the structural path co-efficient also shows the same negative and significant results between the system of wages and green reward with values ‘( $\beta = -0.183$  and  $t\text{ value} = 3.380$ , supporting H1 and H2’.

By utilizing PLS-SEM technique, this research has used a ‘product indicators approach’ to examine the correlation between turnover intentions and GHRM practices, keeping the moderator (work environment). Yet the results are consistent and the work environment as shown below in figure 3 and table 4 does not influence them.

**Figure 3: Structural Model**



Source: Joseph F. Hair, Multivariate Data Analysis, 2009.

**Table 4: Evidences of Relationships of moderation and direct impact**

Relationship	B-value	SD	t-value	Results
GI -> TI	-0.235	0.085	4.058	Accepted
GPR -> TI	-0.183	0.066	3.380	Accepted
GPM -> TI	-0.094	0.042	0.989	Rejected
GT -> TI	-0.095	0.035	0.792	Rejected
GRS -> TI	-0.086	0.041	0.710	Rejected
WE -> TI	-0.114	0.040	0.924	Rejected
GI*WE -> TI	-0.017	0.015	0.079	Rejected
GPR*WE -> TI	-0.021	0.017	0.067	Rejected
GPM*WE -> TI	-0.083	0.049	0.461	Rejected
GT*WE -> TI	-0.014	0.013	0.618	Rejected
GRS*WE -> TI	-0.112	0.067	0.908	Rejected

**Discussions and Implications**

This study has explored the impact of GHRM practices on the employees and their turnover intentions in the hotel industry of Pakistan and along with that; the work environment has been examine. Mixed results have been identified. For instance, some activities of the GHRM practices has

not directly impacted the worker's will to leave their job from the three, four, and five-star Pakistani hotels, which clearly identifies that moderator (work environment) has not been effective on the results. Another weird observation is that employees who have been working for years are not loyal to their HR Manager and to the organization; they are working with.<sup>29</sup> Therefore, it is suggested that the reward incentive technique should be espoused to motivate the employees so that they become more enthusiastic by enjoying benefits of incentives in a friendly environment.<sup>30</sup>

### Implications

The research has practical as well as theoretical implications. The theoretical standpoint provides the potential for improving the literature on various aspects of GHRM practices and activities and can have a direct or indirect positive impact on the work efficiency of employees. The Pakistani hotel industry can espouse the theory of social exchange so that it may secure its dedicated workforce, skillful millennials employees and obliterate their intentions of leaving the workplace for hunting other great opportunities that may come in their way.

### Conclusion

The aforementioned study is about three, four and five-star hotels in Pakistan that contributes to generating significant income for the tourism sector and boosts the Pakistani economy. However, concludes that the efficient Green Human Resource Management strategies and their implementation in the Hotel Industry of Pakistan are a complete package

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<sup>29</sup> A.M. Nasurddin & T.C. Ling, 'The Relation between Turnover Intention, High Performance Work Practices (HPWPs), and Organizational Commitment: A Study among Private Hospital Nurses in Pakistan', *Asian Academy of Management Journal*, 23:1 (2018), 23-51; Y. Zhu & M. Warner, 'The Challenges of Managing "New Generation" Employees in Contemporary China: Setting the Scene', *Asia Pacific Business Review*, 24:4 (2018), 429-436.

<sup>30</sup> N.E. Alias, R. Othman, N.S. Ariadi, A. Abdullah, K.W. Loon, S. Ismail & A.R. Ridzuan, 'Employee Retention in Emerging Economy: A Case of Gen Y in Pakistani Manufacturing Company', *Advanced Science Letters*, 23:8 (2017), 7637-7640; D. Luzzini, A. Longoni & M. Guerci, 'Deploying Environmental Management across Functions: The Relationship between Green Human Resource Management and Green Supply Chain Management', *Journal of Business Ethics*, 151:4 (2018), 1081-1095; L. Pen-Yuan, 'Linking Work-family Conflict to Job Attitudes: The Mediating Role of Social Exchange Relationships', *The International Journal of Human Resource Management*, 22:14 (2011), 2965-80.

revolving around providing incentives to the industry's dedicated and skillful employees in order to avoid their turnover intention. The study kept a healthy working environment as a moderating factor and applied the mutually benefiting Social exchange theory, which pledges a solid basis for the green package as the theory highlights the vitality of rewards and teamwork for improvement in the overall performance of a firm. The results of surveys, showed that creating a healthy working environment was less effective in avoiding the turnover intention of employees whereas, promising incentives was a practical solution for the problem of the turnover intention of skilled millennial employees in the Hotel industry of Pakistan.

### **Shortcomings and diverse grounds for future research**

Firstly, the cross-sectional model limits the possibility based on causality. This research has several shortcomings. Since the dependent and the independent variables are examine simultaneously, therefore biases may become part of the results. However, the use of longitudinal methods may validate the results in a way that may explain how GHRM practices associates with turnover intentions. Secondly, the research focus on ideal workers i.e. millennials employees in the hotel industry of Pakistan, thus the results are not generally acceptable. Based on the limitations the future research studies may engage other collaborators. So that the results are equivocal for overall engagement of, all the employees working in Hotel industry of Pakistan and avoiding staff attrition or turnover. Lastly, the future research may also include a gender perspective for causality study.